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ABSTRACT

During a period of projected declining enrollments some years ago, colleges and universities began looking to business and industry for models and methods to achieve stability and exhibit accountability. Zero-based budgeting, computerized record keeping, and planned-programmed-budgeting systems found their way to college campuses. A trend to import key collegiate administrators from business rather than letting them rise through the ranks of faculty began, and there is now widespread evidence of marketing and its tendency to regard the university as a complex science industry in need of modern management techniques. Because the traditional 18- to 22-year-old student population is decreasing, colleges are seeking ways to bolster enrollments and embrace the concept of marketing. The meanings of marketing and nonprofit organizations (such as universities) are discussed. Topics of discussion include higher education and the world of nonprofit organizations, marketing and its application to nonprofit organizations, limitations of marketing, and the uses of marketing in higher education. A change in "people mix" represents a new challenge within the marketing environment for colleges and universities with a surge in 25- to 44-year-olds. Attention must be directed to the older, nontraditional age groups if higher education wishes to maintain a pattern of growth. Even through adults are coming back to campuses in larger and larger numbers, many are still finding other environments for learning more compatible with their needs. Therefore, new and flexible tools for creative marketing are needed. Contains 10 references. (SM)

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Organizing University Marketing

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Some time ago during a period of projected declining enrollments, colleges and universities began looking to business and industry for models and methods to achieve stability and to exhibit accountability. Computerized record keeping, zero-based budgeting, and planned-programmed-budgeting systems are a few of the typical business processes which have found their way to college campuses. There is also a trend to import key collegiate administrators from business rather than the former method of allowing administrators to rise through the ranks of the faculty. Another example of a shift in viewpoint in higher education is the widespread evidence of marketing and its accompanying tendency to regard the university as a complex service industry in need of modern management techniques.

Reasons for Change

Because the traditional 18 to 22-year-old student population pool was decreasing, colleges and universities began seeking means of bolstering their enrollments; many embraced the concept of marketing. The idea of marketing is not new, but its adoption in higher education is a recent and pervading phenomenon which is not always comprehended clearly. To be contemporary and relevant, university administrators felt they must master the language of business and marketing; and so, terms like publicity, promotion, market segment,

megatrends and "Media Mix" were bantered about as buzz words at college conferences and workshops. But, the predicted enrollment declines did not occur. Many colleges and universities were left with little more than the language of marketing without much understanding of its application. There was also misunderstanding because the college and university status as nonprofit organizations made marketing seem inappropriate.

The Meaning of Marketing

At first hearing the phrase "nonprofit marketing" may sound like a contradiction of terms; however, a casual examination of nonprofit organizations reveals that they have some of the same marketing needs that profit-oriented businesses face. The nonprofit organization also has a number of marketing problems that are unique, yet little effort is made to deal with these problems differently than those of the "for profit" neighbor. If an advertising agency that devotes most of its time to commercial profit-oriented businesses is asked to develop an advertising campaign for a nonprofit concern, it applies the same skills and knowledge that it uses in its commercial accounts. The problem is treated the same as any commercial account, but the client is a nonprofit organization. This behavior raises a number of questions:

1. What is the special character of nonprofit organizations?
2. What is the relationship of higher education to the world of nonprofit organizations?
3. What are the characteristics of marketing?
4. Can marketing be applied to problems of nonprofit organizations?

5. What are the limitations of marketing solutions?

6. Can higher education make use of marketing?

The Nonprofit Organization

Rather than the customary division between government and private sector, the American economy is divided into three branches. In addition to the functions and interactions of the profit sector and the governmental sector, there is this strong nonprofit third sector which constitutes a middle way for meeting the economic needs of society. These nonprofit third sector organizations are generally socially responsive and service-oriented. They specialize in delivering social services not adequately provided by either business or government, and their variety is somewhat bewildering. Included in this group of organizations are the Society for the Preservation and Encouragement of Barber Shop Quartet Singing in America, The Council on Abandoned Military Posts, the American Concrete Institute, the National Association of Music Executives in State Universities, the Society of Jewish Bibliophiles, the Association for Women in Mathematics, the Association of Gay Psychologists, the American Cleft Palate Association, the Christian Movement for Peace, the Sport Balloon Society of the United States, the Lovers of the Stinking Rose, the American Federation of Teachers, and the Ancient Mystic Order of Bagmen of Bagdad Imperial Guild, the New York Stock Exchange, the American Medical Association, the Power Saw Manufacturers Association, the Associated Press, and the Metropolitan Life Insurance Company.

Somewhat more confusing is the fact that nonprofit organizations

may own profit-making business. The Mormon Church, for example, owns a newspaper in Salt Lake City, 11 television stations, two radio stations, a department store chain, and an insurance company. The eight retail shops and a catalog sales operation of the Smithsonian Institution in Washington, D.C., grossed about $5.5 million in 1976; its magazine, Smithsonian, earned about $3 million that same year. The difference between the nonprofit and other business organizations, however, is that a business operates to enrich its owners and managers; whereas, a nonprofit organization permits no enrichment. If there is a surplus, none is passed on to individuals. Stated more formally: Rights or claims to benefits in nonprofit organizations are not transferable by sale as they are in profit-making organizations, and managers or workers in nonprofit organizations do not have the exclusive claim on residual products that is characteristic of profit-making enterprises. Financial gain has nothing to do with being a nonprofit organization. The key distinction is motive or reason for being.

Higher Education and the World of Nonprofit Organizations

Historically, legislatures and courts have answered the question of what a nonprofit organization is by listing the things a nonprofit group does, and then by saying that any organization whose principal activities are on the list is nonprofit. This functional approach, typically includes those organizations whose purposes are charitable, scientific, educational, recreational, social, cultural, political, civic, governmental, trade or professional, and religious. However, this functional approach is soft in certain difficult areas. For example, it does not explain what the religious purpose of a bingo game

is or the educational purpose of a winning football team. Another way of classifying nonprofit organizations that is more useful is on the basis of those who back the organization and who are in contact with it and on those who consume its goods and services as clients. An important point to recognize is the fact that the relationship between an organization, its backers, and its clients can take many forms. This relationship also clarifies the position of higher education as eligible for inclusion in the world of nonprofit organizations.

The clients of an urban university are its alumni, its faculty and employees, the business community, the general public, the civic government, and various local foundations of several kinds. On a secondary level another group of clients would include suppliers who sell material goods and services to the university. These suppliers would provide materials, machines, and assorted goods including foods, maintenance products, and utility and clerical aids. At a third level of client operation regarding the urban university are regulatory organizations such as federal, state, and local legislative units. All of these clients and their contributions are processed by the internal client system of the urban university or college, which consists of its trustees, the faculty, and the staff. It is their duty to then distribute the products of the university to various agents such as mass media, high school counselors, and all individuals involved with potential clients. Finally, there are the two main groups consisting of direct and indirect consumers. The direct consumers are present students, prospective students, and business firms who employ graduates; the indirect consumers are the general public

(local in particular), the parents of students, and the competitive agencies such as other educational institutions. It is worth noting in passing that some of these client systems function in more than one way, such as the governmental role of both regulating and benefiting from the products of higher education. It is clear from this examination that all of the units of higher education easily qualify as nonprofit organizations.

Marketing and Its Application to Nonprofit Organizations

In 1969, Sidney J. Levy and Philip Kotler advanced the thesis that marketing is not merely a business function. The idea that all organizations engage in marketing-like activities sparked an academic controversy which has led to curiosity over just what marketing is and ultimately to a refinement of the definition itself.

Stated most basically the aim of marketing is to influence behavior in regard to satisfying needs of individuals, and thereby satisfying the needs of organizations. Derived from this basic aim is the management strategy known as the "marketing concept."

The marketing concept is a triangle composed of needs, program, and promotion. There is a two-way flow of information between each point of the triangle, thus emphasizing the responsiveness of the marketing concept to the needs of all.

> It requires expertise in each of the three major components--good needs assessment, quality programs based on those needs and promotion of program benefits to those who can use them (Shipp, 1981, p. 9).

In order to survive and succeed, an organization must attract sufficient resources, and ideas; and distribute these resources in

the form of services and ideas to various consuming publics. Kotler views exchange as the central concept underlying marketing. The idea of exchange is obvious in commercial transactions. A doctor exchanges his time and acquired skill and training for money. This idea of exchange is readily apparent in exclusive mercantile transactions, but it is less clear when Kotler suggests that taxpayers voluntarily exchange taxes for government goods and services; that church members contribute offerings and time in return for religious services; or that charitable donors exchange gifts for "feelings of well-being." Rather than labor the point, it is obvious that some marketing may involve exchange, but that which is exchanged is not always apparent when marketing takes place in nonprofit organizations. Exchange may be thought of as the offering of something of value to someone for something else of value. By giving up something, an individual (social unit, group, or organization) acquires something else in return. As long as that which is acquired is of equal value with that which is given up, the motivation for exchange is clear. However, if the value to be gained in the exchange is not obvious, or is merely promissory, the motivation may need to be encouraged. This is the work of the marketing professional who is very accomplished at understanding, planning, and managing these exchanges. This is one of the most obvious areas of difference between the nonprofit organization and a profit-oriented business. The marketing professional must be able to research and understand the needs of the client, to design a valued offering which meets specific needs, and to communicate the

offer effectively in a good place under timely circumstances. Kotler states this activity most completely:

> Marketing is the analysis, planning, implementation, and control of carefully formulated programs designed to bring about voluntary exchanges of values with target markets for the purpose of achieving organizational objectives. It relies heavily on designing the organization's offering in terms of the target markets' needs and desires, and on using effective pricing, communication, and distribution to inform, motivate, and service the markets (Kotler, 1975, p. 5).

As a managerial process, marketing involves analysis, planning, implementation, and control. Carefully formulated programs rather than random actions achieve desired results. The marketer offers specific benefits to a clearly identified group of clients (the target population). The purpose of marketing is to achieve organizational objectives, which would be profit to the organization and service to the client, but in the nonprofit organization the statement of objectives is usually in terms of public interest. Target objectives must be stated very specifically in terms of the target market's needs and desires in order to be effective. Successful marketing involves a set of tools called the marketing mix, which blends product design, pricing, communication, and distribution.

Limitations of Marketing

Many of the problems of the nonprofit organization would never be handled by commercial marketing. The benefits of behaving correctly, for example, are often of little substance and difficult to communicate. They do not provide an immediate or valued exchange. The campaign to encourage American drivers to observe the 55-mile-per-hour speed limit is a good example. Lower speed means less fuel, which

because they lack sufficient information or training.

These are criticisms of marketing generally; in the university marketing should be so pervasive and so well-done (in terms of needs discovered and sources developed) that it is not noticeable since everyone in the target population recognizes the benefits of the services provided by higher education. Criticism of the cost of marketing to the university is also unfounded; initially, marketing is expensive, but if it is done well it may be considered an investment rather than an expense.

The Uses of Marketing in Higher Education

Incorporating marketing into the administration of colleges and universities has met and will meet with resistance. Many administrators and most faculty members equate marketing only with promotion, advertising, and public relations. This limited vision has precipitated a growing sentiment against marketing in academic circles and an apprehensiveness toward an emerging Madison Avenue attitude replacing, for example, sensible admission policies. However, as one studies marketing and relates it to higher education, a much more positive perspective dominates. This new tool, when absorbed in its comprehensiveness, provides insights into the improvement of higher education in general, and the enhancement of specific institutions that advocate its precepts.

As indicated in the literature, the most successful marketing research has been done by American business. The problem, therefore, becomes one of transferring those successful techniques developed by American business for dealing with a wide variety of clients and client-systems to the problems of the university.

> What is required . . . is an understanding of the sequential nature of the marketing process--from research, strategy considerations and decisions on techniques, to implementation, communication and on-going evaluation (Barton, 1978, pp. 83-84).

Moreover, into the marketing concept, colleges and universities must infuse an awareness of the total higher education environment and competitive strategies of other institutions.

Basic business research indicates that there are three approaches to transactions involving a customer and a product or service (Kotler, 1975). The first transaction method purports that satisfactory sales and profits are natural outgrowths of producing a quality product or service. A company must begin with a well-made item and then simply apply sound selling and promotion activities. This product concept has dominated recruitment activities of colleges and universities, who have assumed that recruitment is simply explaining the advantages of the particular institution. Success will occur because the customer can recognize, and will respond to, a quality education.

The second transaction approach concentrates on the selling activity. Assuming that goods or services are sold and not bought, this technique concentrates on promotional activity and the hard sell. Success hinges on volume and results from aggressively seeking many potential customers and forcefully convincing enough of them to purchase the services offered by the institution. Although specific evidence of the selling concept tends to be associated with proprietary schools, more than a few colleges and universities have relied upon

"strong arm" techniques and unrealistic promises in order to bolster sagging enrollments (particularly in the case of promising athletic material). Consequently, the sales-oriented approach has become the focal point for the intense criticism of business models and methods being applied to higher education. The bitter claims of crass prostituting of the goals of higher education have been associated with post-secondary institutions which push sales as an end unto itself.

The third and most recent transactional approach is known as the marketing concept, which is based on market research that leads to product development and communication of the benefits of the product to the consumer. Here the transaction is viewed as an exchange process revolving around the customer. People do not buy products or services; rather they purchase satisfaction for certain personal needs. A stable enrollment is assured if a college or university can correctly ascertain prospective student needs, design an educational experience that fulfills those needs, and promote that concept effectively to the appropriate customer.

Although product quality and selling techniques are important to recruitment efforts of a college or university, as an exclusive organizational strategy they are too limited. The product and selling concepts address only one link of the entire purchasing chain. Moreover, these two approaches are predicated on the belief that enrollment success can occur only through sales volume. Marketing, on the other hand, encompasses the totality of the transaction involving a customer and a product or service. A conscious effort is made to integrate the variables of a quality product, an effective promotional campaign, and a

responsiveness to customers' needs. The essence and promise of marketing is captured succinctly in the following statement: "The aim of marketing is to make selling superfluous . . . to know and understand the customer so well that the product or service fits him and sells itself" (Drucker, 1974, p. 64). This same emphasis upon customer sovereignty has been adapted to the college and university recruitment effort by researchers who say that marketing is a matching process.

> It involves identifying societal wants or needs and matching them to organizational capabilities and objectives . . . . If the identification and matching process are true, then an exchange takes place (Engledow & Anderson, 1978, p. 7).

Applying marketing theory to higher education begins with a concerted effort to understand the mission of the college and to understand the prospective students that the institution hopes to enroll. Marketing forces colleges and universities, as it compelled businesses almost two decades ago, to ask themselves those basic questions dealing with self-examination: Who are we? What business are we in? What are we trying to accomplish? and Who is best equipped to benefit from our product or services?

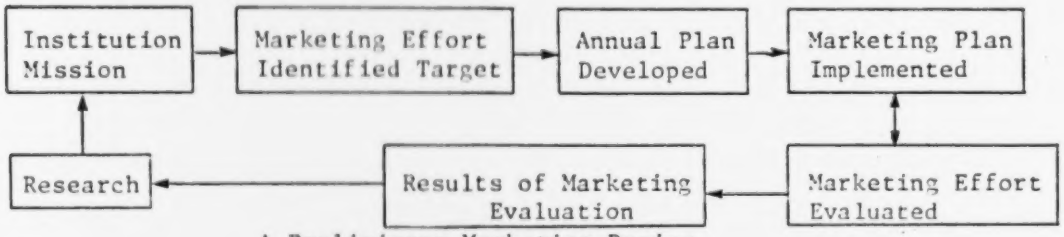
There is grave danger in not recognizing exactly what business an organization is engaged in even though it should seem obvious. An example of this failure is the railroads which were major economic and political powers in this country until shortly after World War II. Unfortunately, the railroads thought of themselves as being in the railroad business; but, in reality, they were in the transportation business.

Had they recognized that they were in the transportation business, they might have tried dealing with the needs of consumers of transportation rather than attempting to force the population into railroad schedules and routes with little regard for meeting the needs of anyone except the railroad companies themselves. Consequently, alternative forms of transportation became available and took over what had once been the province of the railroads. The lesson for colleges and universities should be obvious.

> Sound marketing principles argue against the idea that it is possible for you to persuade prospective students that what you have is what they want. Marketing requires you to be sensitive to what the students say they need . . . (Campbell, 1977, p. 593).

Although the basic tenets of marketing seem obvious enough, when implemented the concept becomes highly sophisticated and quite systematic. A typical marketing model incorporates research, product development, strategy, formulation, promotion, communication, and review components. Once an institution has accepted the basic premise of marketing and has initiated a marketing audit or systematic approach, energies can be channeled toward designing an appropriate and effective marketing strategy. This strategy should include research into the institution, its mission, and how it is perceived by its public. The college then undertakes a careful planning of its academic offerings, its enrollment goals, its promotional literature, and its recruitment practices. The purpose of this marketing strategy is to target the message of the institution to those prospective students who would match most clearly the goals and "personality" of the institution.

After the Marketing Master Plan has been implemented and used for a designated period of time, it should be evaluated carefully as to results and effectiveness. This report becomes part of the ongoing research effort of the institution and is part of the examination necessary to develop a new plan.



A Preliminary Marketing Design

Noting that education is one of the largest service industries in the United States, Kotler (1975) stresses that educators must become more consumer-oriented if the education industry is to grow and remain viable. According to Kotler, a responsive organization needs to know how to measure four attributes of the target market it serves. These attributes are needs, perceptions, preferences, and satisfaction. When these areas have been analyzed, colleges are then in a position to draft marketing strategies designed to promote their programs and services. The scope of the marketing effort is often determined by how a college reads the enrollment barometer. With a dwindling supply of traditional college-age populations and a decline in veteran enrollment, urban colleges and universities must either try to attract a larger share of the traditional market or expand the market audience by adding previously untapped population segments. Colleges which survive the enrollment crunch will probably be those with coordinated, intensive marketing efforts aimed at well-defined audiences including but not limited to the traditional 18 to 22 year-old segment.

means a reduced dependence on imported oil. This benefit is not perceived as a benefit by most highway drivers, but the idea that there would be a sizable cut in highway deaths is probably even more remote. (Most individuals do not consider that they might become a statistic, when they use the highways). Slower speed is not free; a driver averaging 65 miles per hour will be 100 miles closer to his destination in a 10-hour period than a driver going 55 miles per hour. The 55-mile-per-hour limit may be a reality; however, it is a reality only while there is strict enforcement, and enforcement is not the province of marketing. Since the consequence of the limit seems no benefit, no voluntary exchange exists; therefore, no marketing is occurring.

Another limitation of marketing which must be recognized is that it is inherently inefficient in bringing about changes in behavior. Marketing cannot create needs; it is simply a system of determining those needs and developing ways to satisfy them. The theory underlying marketing is not a pure science: it is more like an applied art, and there is no agreement on the meaning of central concepts and little agreement on units of measure. A review of the research indicates that findings are rarely based on more than a single study which prevents generalizing. Predictions based on the theory are also vague; in fact, much of the craft of marketing even in business rests on trial and error. Many marketing programs in the profit sector simply do not work at all, or they fail in some way to meet their objectives. Marketing programs frequently never reach everyone they aim for, and in many cases the clients are unable to make the necessary choices

The Significance of the Problem

A change in "people mix" represents a new challenge within the marketing environment for colleges and universities. Although predictions show fewer children and teenagers, a surge in 25 to 44-year-olds is evident. Demographics reported by the Bureau of Labor Statistics in 1978 revealed that women formed 52% of the traditional college-age (under 22) student body; however, 53% of the students from 22 to 35 were men. It is imperative that immediate attention must be directed toward the older, nontraditional age groups if higher education wishes to maintain a pattern of growth rather than decline. Schmeider (1977) notes that education learning groups are increasingly age-mixed and that higher education must get its audience where it exists in greatest numbers--age 25 and up. Between 1980 and 1990 the largest percentage (over 30%) of the population will be between the ages of 25 and 44 with less than 15% between ages 15 and 24. Competition for both the 18-year-old and the older student will cause increasing concern among leaders of higher education because the two markets must be approached differently. While elementary and secondary schools can require people to utilize programs and services as they develop them, higher education must do a better job of market satisfaction. Public higher education will also be faced with competitive factors of a different sort in the next ten years. In particular, competition between the two-year community college, the urban university, and four-year residential schools can be expected to increase. This competition will be most intense for the 18-year-old target population; however, the degree of competition between urban and residential

schools will necessitate a carefully researched approach to the needs of the market.

Hodgkinson (1982) suggests that the current decade will bring a new ability by noncollegiate institutions to award degrees. Museums, hospitals, and even private firms will be more involved in the educational futures particularly of adults. According to Hodgkinson, 17 million people are sytematically studying outside higher education: researchers count 11 million-plus students on college campuses, but 17 million off college campuses. Other data suggest as high as 46 million adults studying elsewhere (Davis, 1977-1978). Even though adults are coming back to campuses in larger and larger numbers, many are still finding other environments for learning that are more compatible with their needs. Many of these adults are a market that is hard to overlook, but which thus far has been largely untapped. Urban universities are really in the best position to reach these individuals. New tools for creative marketing require flexibility. A simple formula which can be applied to the future growth of urban universities could be stated thus: Know the kinds of programs and the courses the community and the people within the community want and need; then offer these courses at times and places that are convenient and at the very lowest possible cost consistent with the quality expected by the community. This formula demands being responsive to a changing society. Colleges anduniversities which are successful at anticipating environmental changes and translating them into strategic options in the form of learning packages are most likely to succeed in the years ahead.

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